

Message Text

CONFIDENTIAL

PAGE 01 BRASIL 10252 151642Z
ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00
CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 OES-06 SP-02
SS-15 STR-04 TRSE-00 ACDA-07 SSO-00 INRE-00 NSCE-00
USIE-00 SIL-01 LAB-04 NEA-10 XMB-02 /104 W
----- 012760 /47

O 151600Z DEC 76
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC IMMEDIATE 9135

C O N F I D E N T I A L BRASILIA 10252

E.O. 11652: GDS
TAGS: ENRG OPEC PFOR BR
SUBJECT: OPEC PRICE DECISION

REF: (A) STATE 301173 (B) STATE 297624 (C) STATE 299098

1. IN THE ABSENCE FROM THE CAPITAL OF THE FOREIGN MINISTER, I TOOK UP THE OIL PRICE QUESTION WITH SECRETARY GENERAL GUERREIRO ON DECEMBER 14. I CHARACTERIZED THE APPROACH AS PART OF THE ONGOING PROCESS OF CONSULTATION AND ESPECIALLY AS A FOLLOW-UP TO THE EXCHANGE OF LETTERS BETWEEN THE SECRETARY AND THE FOREIGN MINISTER. I GAVE COPIES OF THE DEPARTMENT PAPER TO GUERREIRO ON THE IMPACT OF A PRICE INCREASE AND THE SUMMARY OF THE BLS STUDY ON THE COST OF OPEC IMPORTS.

2. IN RESPONSE TO MY QUESTION ABOUT THE REACTION OF THE OPEC AMBASSADORS WHOM HE HAD CALLED IN (BRASILIA 9935), GUERREIRO GAVE A RUN-DOWN OF THE CONVERSATIONS. HE STRESSED TO ME THAT HE HAD TOLD EACH OF THE AMBASSADORS AT THE OUTSET THAT HE WOULD NOT ADDRESS THE QUESTION OF THE LEGITIMACY OF A PRICE INCREASE BUT WISHED TO BRING TO THE AMBASSADOR'S ATTENTION, IN A BILATERAL CONTEXT, THE NEGATIVE CONSEQUENCES FOR BRAZIL'S DEVELOPMENT OF AN INCREASE. GUERREIRO SAID HE HAD ALSO POINTED OUT TO THE AMBASSADORS THAT HIS ACTION REPRESENTED THE FIRST FORMAL ADDRESS BY THE GOB TO THE PRICE QUESTION. THE REACTION OF THE AMBASSADORS, ACCORDING TO GUERREIRO, HAD BEEN GOOD IN THE SENSE THAT ALL OF THEM(WITH THE QUALIFIED EXCEPTION OF THE IRAQI) HAD DES-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BRASIL 10252 151642Z

CRIBED THE POSITION OF THEIR GOVERNMENTS AS MODERATE. THE

VENEZUELAN, FOR EXAMPLE, HAD STATED THAT THE GOV HAD MOVED AWAY FROM ITS EARLIER POSITION IN FAVOR OF A LARGE INCREASE, AS PRESIDENT CARLOS ANDRES PEREZ' STATEMENTS IN EUROPE DEMONSTRATED. GUERREIRO SUMMED UP THE OPEC AMBASSADORS' REACTION AS BEING ESSENTIALLY CONSISTENT WITH THEIR LIMITED AUTHORITY AND WITH THE NATURE OF HIS APPROACH, THAT IS, HIS DISCLAIMER TO THEM OF ANY INTENT TO JUDGE THE LEGITIMACY OF AN INCREASE AND HIS CAREFUL FOCUS ON THE EFFECTS ON BRAZIL OF A PRICE INCREASE. HE DID SAY THAT HE BELIEVED THAT ALL THE AMBASSADORS HAD APPRECIATED THE FACT THAT HIS DEMARCHE REPRESENTED THE FIRST TAKING BY THE GOB OF A FORMAL POSITION. (THE DEPARTMENT WILL RECALL FROM BRASILIA9935 THAT THE FOREIGN MINISTRY GAVE CONSIDERABLE PUBLICITY TO GUERREIRO'S CONVERSATIONS WITH THE OPEC AMBASSADORS.)

3. GUERREIRO, RESPONDING TO A QUESTION, SAID THAT THE GOB HAD MADE NO APPROACHES IN CAPITALS SINCE SUCH AN EFFORT WOULD BE "TOO COMPLICATED".

4. I ASKED WHETHER THERE HAD BEEN ANY GOB INTEREST IN PURSUING THE SECRETARY'S SUGGESTION THAT BRAZIL MIGHT CONSIDER TALKING TO OTHER OIL IMPORTERS, PARTICULARLY LATIN AMERICANS, ABOUT EFFORTS WITHOPEC: I WONDERED WHETHER SPECIFICALLY, THERE HAD BEEN SIDE CONVERSATION DURING THE RECENT MEETING OF THE RIVER PLATE BASIN FOREIGN MINISTERS, SOME OF WHOM, LIKE THE URUGUAYAN, REPRESENTED COUNTRIES THAT WOULD BE HIT VERY HARD. REFERRING TO THE GOB'S DESIRE NOT TO BE TOO "AGRESSIVE", GUERREIRO SAID THAT NO ACTION OF THIS KIND HAD BEEN TAKEN. HE MENTIONED THAT THERE HAD BEEN SOME DISCUSSIONS OF THIS SORT, LED BY INDIA, WITHIN THE CIEC 6-19.

5. THE CONVERSATION, IT WILL BE NOTED, WAS PRETTY ONE-SIDED, AND, AS I EXPECTED, GUEIRREIRO ASKED ABOUT THE RESULTS OF OUR OWN DISCUSSIONS WITH THE OPEC COUNTRIES. I REPLIED OF NECESSITY, IN GENERAL TERMS, SAYING THAT FROM THE RUNNING SUMMARY APPRECIATIONS OF THE EFFECTS OF THE USG'S WIDESPREAD EFFORT, I GATHERED THAT OVER THE COURSE OF RECENT WEEKS OUR OWN ESTIMATES ABOUT AN INCREASE TENDED TO OSCILLATE. I WENT ON TO SAY THAT, INFURTHERANCE OF THE CONSULTATIVE SPIRIT, I WOULD TRY TO GET FROM WASHINGTON AN EVE-OF-THE-OPEC CONFERENCE

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BRASIL 10252 151642Z

RUNDOWN OF OUR ESTIMATES OF OPEC-COUNTRY POSITIONS. GUERREIRO STATED THAT THIS AND OTHER DATA ON OPEC RESPONSES WOULD BE VERY USEFUL. HE ALSO SAID THAT THE TWO ANALYSES I WAS LEAVING WITH HIM WOULD BE HELPFUL.

6. AS THE EMBASSY INFORMED THE DEPARTMENT BY TELEPHONE YESTERDAY IMMEDIATELY AFTER MY TALK WITH GUERREIRO, I CONSIDER IT VERY IMPORTANT, INITSELF AND IN TERMS OF THE

CONSULTATIVE PROCESS, THAT THE EMBASSY BE FURNISHED URGENTLY
AN APPROPRIATE PAPER, IN AS MUCH DETAIL AS POSSIBLE, TO
GIVE TO GUERREIRO.
CRIMMINS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, PRICES, PRICE TRENDS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchant0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BRASIL10252
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760461-1224
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761238/aaaabguo.tel
Line Count: 119
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 301173, 76 STATE 297624, 76 STATE 299098
Review Action: RELEASED, APPROVED
Review Authority: buchant0
Review Comment: n/a
Review Content Flags:
Review Date: 19 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 JUL 2004 by CunninFX>; APPROVED <28 OCT 2004 by buchant0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPEC PRICE DECISION
TAGS: ENRG, PFOR, BR, OPEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006